

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-169-E - ORDER NO. 2005-600
OCTOBER 31, 2005

IN RE: Request of Duke Power, a Division of Duke) ORDER CONTINUING
Energy Corporation for a Partial Waiver of) WAIVER ON A NON-
Rule 103-331 as it Relates to Deposit) EXPERIMENTAL BASIS
Requirements for Non-Residential Accounts.)

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Motion of Duke Power, a division of Duke Energy Corporation (Duke or the Company) for a continuation of a waiver of Commission Regulation 103-331(3) on a non-experimental basis. Commission Order No. 2004-417 approved Duke's waiver of the Regulation on an experimental basis. The Order required Duke to make a report to this Commission and to discuss any customers' complaints or difficulties within one year of Duke's receipt of the Commission's Order. Duke filed its report.

Essentially, the waiver allowed Duke to require nonresidential customers to post a cash deposit or other form of guarantee when additional internal and external analyses of the customer's risk justified the need to secure the account. Duke has a process by which it conducts a quarterly credit review of large Commercial and Industrial customers. Under the original filing, the Company has established criteria under which the customer would be asked to take steps to reduce the risk to Duke.

Duke states that, since the issuance of Order No. 2004-417, it has had one South Carolina customer who was requested to accelerate payment terms, provide a standby

irrevocable letter of credit, surety bond, guarantee from a creditworthy parent company, a cash deposit or some combination of the above. The Company's credit review identified the customer as having an external credit rating of CCC+ and an Internal Risk Rating of 7, and the customer was contacted. Duke agreed to accept electronic payment on the date of the bill as an interim measure. Duke representatives met with the customer and discussed options for mitigating the risk to Duke. The customer subsequently provided a Standby Letter of Credit for the amount of the deposit and agreed to pay electronically within 10 days.

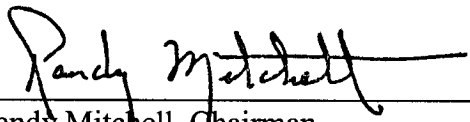
Duke states that it has not received any customer complaints. In fact, the customer discussed in the preceding paragraph rated Duke a 9, on a scale of 1 to 10, on a customer satisfaction survey.

On the basis of what Duke terms its successful experiment, the Company requests that this Commission approve a continuation of the waiver of Regulation 103-331(3) on a non-experimental basis. The Office of Regulatory Staff (ORS) has reviewed this filing, and does not object to the Company's proposal. As ORS points out, this program is intended to assist in minimizing the Company's uncollectibles from at-risk non-residential customer accounts through application of a program that makes payment of the account more financially secure. No problems or additional concerns appear to have been generated from the one year trial, and ORS notes that any customer who is aggrieved by implementation of this program continues to have the option to bring his concern to the attention of ORS' Consumer Services Department.

We approve the continuation of the waiver of Regulation 103-331(3) on a non-experimental basis. We believe that the “experiment” has been successful. We believe that the program assists in minimizing the Company’s uncollectibles from at-risk non-residential customer accounts. We further agree with ORS that aggrieved customers have the right to complain to ORS’ Consumer Services Department. The Duke Motion is granted.


This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Randy Mitchell, Chairman

ATTEST:



G. O’Neal Hamilton, Vice-Chairman

(SEAL)